E-Rate Information Brief

The consent items listed today are *not* depending upon E-Rate funding. They can be approved without seeking E-Rate reimbursements. I wanted to provide board members with a little background on the E-Rate program.

E-Rate is a program that provides discounts to eligible schools and libraries in the United States to obtain affordable telecommunications and Internet access. The program was established in 1996 and is administered by the Universal Service Administrative Company (USAC) under the direction of the Federal Communications Commission (FCC). The program provides funding towards eligible services such as Internet access, telecommunications services and related equipment. Public or private schools (K-12), libraries and groups of schools and libraries can apply for discounts on eligible services.

The program has an annual application filing window that varies each year, the funding year 2024 filing window opens on January 17, 2024 and closes on March 27, 2024.

Schools and libraries must meet certain eligibility criteria to participate. In general, elementary schools, secondary schools, private schools and religious schools are all eligible to receive discounts as long as they have an endowment less than $50 million and are not-for-profit. USAC provides a comprehensive list of eligible services and products that schools and libraries can apply for discounts on.

E-Rate discounts are calculated based on the percentage of students who are eligible for the Free & Reduced Lunch Program or the level of poverty and location of the school. Oldham County Schools’ Free & Reduced participation provides a 50% reimbursement for eligible services.

The E-Rate program has a five-year budget cycle for Category 2 services, based on student count. The current five-year budget cycle funs from funding year 2021 to funding year 2025 (we are currently in funding year 2024). The budget amount for the current cycle is $167 a student. The funding minimum is $25,000. Please note that unspent funds from one funding cycle will not roll over to a new cycle.

A mandatory E-Rate rule is to require a competitive bidding process to obtain eligible E-Rate services. The required competitive bidding process begins when the FCC Form 470 is filed. Schools must ensure that the competitive bidding process is open and fair:

* Applicant must wait 28 days after the Form 470 is posted before selecting a service provider.
* All bidders must be treated the same.
* No bidder can have advance knowledge of the project information.
* There are no secrets in the process – such as information shared with one bidder but not with others – and that all bidders know what is required of them.
* With limited exceptions, service providers and potential service providers cannot give gifts to applicants.
* In addition, the value of free services (e.g., price reductions, promotional offers, free products) must generally be deducted from the pre-discount cost of funding requests.
* After the competitive bidding process is closed, the applicant must evaluate the bids received and choose the bid that is most cost-effective. The price of the eligible products and services must be the primary factor in the evaluation, but does not have to be the sole factor. If the price is 2-3 times more than other bids, it will not be considered cost-effective and therefore denied E-Rate funding. Other relevant evaluation factors may include: prior experience including past performance; in-state preference, compliance with Form 470 posting, and references, etc.
* Retain all E-Rate documents for 10 years.

Eligible services are organized into two primary sections, plus a miscellaneous section – Category One, which pertains to Data Transmission Services and/or Internet Access. Category Two services are Internal Connections, Managed Internal Broadband Services and Basic Maintenance of Internal Connections.

Eligible Category Two Services:

* Antennas, connectors and related components used for internal broadband connections
* Cabling
* Caching
* Firewall services and firewall components separate from basic firewall protection provided as a standard component of a vendor’s Internet access services
* Racks
* Routers
* Switches
* Uninterruptible power supply (UPS) / battery backup
* Access points used in a local area network (LAN) or wireless local area network (WLAN) environment (such as wireless access points)
* Wireless controller systems
* Software supporting the components on this list used to distribute high-speed broadband throughout school buildings and libraries

Schools and libraries are eligible to participate in the E-Rate program. Schools must meet the statutory definition of elementary and secondary schools found in 20 U.S.C. § 7801. Schools operating as for-profit businesses or that have endowments exceeding $50 million are not eligible. (ref. - <https://www.usac.org/e-rate/applicant-process/before-you-begin/school-and-library-eligibility/>)

Applicants must certify compliance with the Children’s Internet Protection Act (CIPA) to be eligible for Schools and Libraries (E-Rate) program discounts on Category One internet access and all Category Two services – internal connections, managed internal broadband services, and basic maintenance of internal connections. (ref. - <https://www.usac.org/e-rate/applicant-process/starting-services/cipa/>)